

Notes for Grantees

FY21 Revisions Included

- ❑ There are many non-profit organizations or local governments that can provide examples of their policies and procedures. Many organizations have their policies on the web. Below is a brief description of what a recipient's policies and procedures should include.
- ❑ The intent of having these management standards in place, and a grantee's adherence to them, are to ensure that public funds are appropriately accounted for, and properly expended.

Accounting Policy

2 CFR 200, Subpart D

- ❑ Provide complete disclosure of financial results via SF 272 or SF 269
- ❑ Identify source and application of funds
- ❑ Control and accountability of funds and property
- ❑ Compare outlays with budgeted amounts
- ❑ Minimize time between receiving federal funds and issuing payments (3-5 business days)
 - ❑ The timing and amount of cash advances shall be as close as administratively feasible to the actual disbursements by the recipient for direct project costs and the proportionate share of allowed indirect costs.

Accounting Policy

2 CFR 200, Subpart D

- ❑ Procedures to determine reasonableness, allocability and allowability of costs
- ❑ Records supported by source documents
- ❑ Maintain adequate bonding and insurance
- ❑ Payment of consultants for EPA grants should not exceed SES Level-4
- ❑ Cash advances limited to amount needed
- ❑ Cash advances maintained in interest bearing accounts
- ❑ Payments should be made within 5 business days of grant draws (Dept of Treasury applies - 31 CFR 205)
- ❑ Must be able to account for the receipt, obligation, and expenditure of funds
- ❑ Cost sharing shall be verifiable (2 CFR 200.306)

Accounting Policy

2 CFR 200, Subpart D

- ❑ Volunteer services can be used (at their regular rate or comparable rate in grantees organization) along with fringes, no indirect costs though
- ❑ Volunteer services shall be documented in same manner as grantee's employees
- ❑ Program income should be added to project funds, used to finance the non Fed share or deducted from the total project cost (2 CFR 200.307)
- ❑ Budgets should show all costs (Fed & non-Fed) (2 CFR 200.308)
- ❑ Grantees required to report budget deviations.
- ❑ Grantees to get prior approval for certain conditions
- ❑ Annual A133 audits done when receiving >\$750,000 of Fed funds (2 CFR 200.501)

Accounting Policy

2 CFR 200, Subpart D

The accounting policy/procedures/manual needs to describe

- ❑ how and when the organization gets funds,
- ❑ what it does with them,
- ❑ how it keeps those funds in separate accounts,
- ❑ how they are distributed,
- ❑ who reviews and distributes them,
- ❑ how invoices and billings are processed,
- ❑ what accounts the billings are charged to, and
- ❑ who determines what charges are applicable and allowable to the grant project.

Accounting Policy

2 CFR 200, Subpart D

The policy needs to discuss

- ❑ the costs that go into overhead or indirect cost
- ❑ the process of recording expenditures, payments and invoices, record retention,
- ❑ who does what in the process,
- ❑ who reviews and approves invoices, and the checks and balances of the system (ex: one person doesn't award purchases and receive, review, approve and pay invoices for those purchases)

Documentation (records, invoices, timesheets, contracts, purchase orders, travel reimbursements with approval signatures) to support accounting system ledgers are needed to validate any entry into the system.

Accounting Policy

2 CFR 200, Subpart D

- ❑ If there are multiple funding sources, it should discuss how those funds are kept and charged separately.
- ❑ Payroll should be discussed.
- ❑ A method of tracking and approving time and attendance (timesheets) should be discussed or addressed in personnel policy.
- ❑ A blank timesheet should be included.

Grantees are required to track direct hours spent and charged to the grant project. The policy should discuss

- ❑ tracking project costs appropriately,
- ❑ tracking contributing or matching costs to the project by the grantee, and
- ❑ tracking program income on projects.

Accounting Policy

2 CFR 200, Subpart D

The policy should address

- ❑ the time between drawing Federal funds and payment of expenditures.
- ❑ periodically, actual expenditures are compared to the project budget and adjustments (if needed) are made and approved
- ❑ financial reporting requirements to grantors.

Grantees must minimize the time from when funds are drawn down and project expenses are paid (funds must be expended within 3-5 business days from drawdown).

Accounting Policy

2 CFR 200, Subpart D

The accounting policy needs to address that: records, journals, general and project ledgers that track all income and expenditures of the organization in general as well as by specific project and type of cost (ie salary, fringes, travel, supplies, etc.) will be maintained.

These are measures to hopefully ensure that

- ❑ grant funds are tracked separately,
- ❑ grant allowable costs are tracked separately from unallowed costs,
- ❑ costs apply exclusively to the project and approved scope of work.

The accounting policy needs to comport with 2 CFR 200, Subpart D.

Procurement Policy

Grant recipients must have written procedures that detail how their agency will:

- ❑ avoid purchasing unnecessary items
- ❑ analyze lease vs. purchase alternatives where appropriate
- ❑ have solicitations for goods and services with
 - ❑ a clear description of the procured item or service,
 - ❑ the requirements all bidders must fulfill for evaluation,
 - ❑ a description of technical requirements or features needed,
 - ❑ preferences for environmentally friendly and energy efficient products and
 - ❑ services and positive efforts to utilize MBE & WBE firms or companies (30.44, 2 CFR 200.321)

Procurement Policy

Grantees must

- ❑ Have written standards of Conduct (30.41, 2 CFR 200.318 (c)(1))
- ❑ Maximize competition in procuring goods and services (30.43, 2 CFR 200.319)
- ❑ Describe types of procurement instruments to be used (fixed price, cost reimbursement, purchase orders)
- ❑ Check for suspended and debarred contractors and only award to responsible contractors
- ❑ Allow for pre award reviews by grantors (EPA) for
 - ❑ awards > \$100,000 and are sole-source,
 - ❑ specify brand names, or are
 - ❑ awarded to other than low bidder. (30.44 (e), 2 CFR 200.320(c))
- ❑ Conduct and document a cost or price analysis for every procurement (30.45, 2 CFR 200.324)

Procurement Policy

Grantees must

- ❑ Keeps procurement records that tell the basis for selection, justification, and basis for cost/price (30.46)
- ❑ Maintain a system for contract administration
- ❑ Include all required contract provisions (>\$100,000) and clauses for termination, bonding (for construction), and access to records (30.48)
- ❑ Include in all contracts, including small purchases the following procurement provisions as applicable
 - ❑ (30.48(e) 2 CFR 200.320(a)) EEO,
 - ❑ anti-kickback
 - ❑ Davis Bacon (construction) 2 CFR 200 appendix II
 - ❑ contract work hours & safety standards,
 - ❑ rights to inventions,
 - ❑ clean air and water act compliance,
 - ❑ anti lobby requirement and
 - ❑ non –award to debarred/suspended contractors.

Procurement Policy

If a contractor is sole-sourced with

- ❑ no written justification,
- ❑ no written cost estimate performed,
- ❑ no negotiations for price documented,
- ❑ the scope of work is not well defined,
- ❑ the contractor take significant direction from grantee personnel and
- ❑ specific individuals are tasked at an hourly rate, then

the EPA consultant hourly limit of probably applies since this is a **consultant agreement.**

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Procurement Policy

Contracts are conducted under the provisions described in the previous slide. Consultant agreements and subawards are not subject to the same provisions as contracts but should be written agreements.

Procurement policy and procedures should:

- ❑ provide for free and open competition (multiple quotations) and hopefully
- ❑ ensure that a fair and reasonable price is obtained for the product or service purchased

A cost and / or price analysis for every procurement, a history of the procurement, and explanation of how the cost was determined to be reasonable should be documented before the award is made.

Procurement Policy

Procurement procedures should also address the solicitation of MBE/WBE organizations and efforts made to award purchases to such companies.

Procurement procedures are especially important if the grant includes significant budgeting for contracts or consultants.

A written code of conduct should establish policy for

- ❑ ethically conducting business,
- ❑ performing work on the project,
- ❑ define conflicts of interest,
- ❑ prescribe penalties for violating them

Procurement Policy

Procurement procedures should

- ❑ establish dollar thresholds for different types of purchases and approval levels
- ❑ discuss monitoring of contractors or sub grantee work and billings (this may also be addressed in the accounting policy)
- ❑ address equipment purchases and taking inventory.

There should be written policy describing a system for

- ❑ purchasing,
- ❑ managing, and
- ❑ tracking property,

which is especially important if procuring major items or equipment for the project.

Property/Equipment Standards

Grantees must

- ❑ Insure property procured with Fed the same as grantees property (2 CFR 200.310)
- ❑ address purchase and disposition of property from EPA (30.32, 2 CFR 200.311)
- ❑ Maintain Equipment Records
- ❑ Take inventory, perform maintenance, and have control system (30.34, 2 CFR 200.313)

NOTE

- ❑ For equipment > \$5000 request disposition
- ❑ Supplies < \$5000 retained by Grantee

Audits

An audit (A-133, IG or DCAA) report of **findings** in the areas of

- ❑ allowable /unallowed costs being charged,
- ❑ not tracking project costs appropriately,
- ❑ not tracking a grantee's contributing matching or cost share,
- ❑ not tracking program income on the project,
- ❑ not having procurement policies,
- ❑ not monitoring contractors or sub grantee work and billings,

are indicators of **weaknesses** in a prospective Grantees financial administration.

Personnel Policy

Time and Attendance

Grantees are required to track direct hours spent and charged to the grant project (2 CFR 200.430)

A reporting system for time and attendance is required. They are used to validate the time spent on, and time charged to the grant project.

Personnel policies should address:

- hiring,
- position classification,
- duties,
- evaluations/ raises/ promotions,
- salaries,
- leave,
- fringe benefits, and
- equal employment opportunities.

Personnel Policy

Time and Attendance

Personnel policies are necessary to ensure

- ❑ qualified individuals are working on the project,
- ❑ that salaries and fringe benefits are reasonable,
- ❑ that they are charged consistently and equitably to the project, and
- ❑ that they are applied consistently to all individuals throughout the organization.

A written code of conduct should establish policy for workplace ethics and penalties for violating them

Travel Policy

2 CFR 200.474, 2 CFR 200.475

The grantee must have written travel policies that describe

- ❑ Allowed costs
- ❑ Required approvals
- ❑ Acceptable cost thresholds and
- ❑ Support documents needed to determine allowable travel charges to an award.